GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:224
ANSWERED ON:14.03.2016
Subsidy on LPG
Vanaroja Smt. R.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the amount of subsidy burden incurred on LPG, Kerosene and other petroleum products by upstream companies during the last three years and the current year;
(b) whether the Oil and Natural Gas Corporation Limited and Oil India Limited have urged the Government to shift the subsidy burden on LPG and Kerosene from upstream companies to downstream companies so as to maintain their margin level;
(c) if so, the details thereof along with the mechanism evolved by the Government;
(d) whether the Government has effected any changes in the subsidy sharing formula amongst the upstream and downstream companies; and
(e) if so, the details thereof along with the steps taken by the Government to rationalise the subsidy burden including bearing partly by the Oil Marketing Companies?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
_____(SHRI DHARMENDRA PRADHAN) _____
(a) to (e): A statement is laid on the Table of the House.
Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 224 asked by Shrimati Vanaroja R. to be answered on 14th March, 2016 regarding "Subsidy on LPG".
(a): The details of under-recovery shared by the Public Sector upstream Oil Companies since 2012-13 are as under:
(Rs. Crore)
2012-13
2013-14
2014-15
2015-16
(April-December, 2015)
Discount by the upstream companies
60000
67021
42822
1980
(b): The Public Sector upstream Oil Companies, namely Oil and Natural Gas Corporation (ONGC) & Oil India Limited (OIL) have requested the Government to review the subsidy sharing mechanism and exempt them from sharing of subsidy.
(c) to (e): Under the burden sharing mechanism, under-recoveries incurred on the sale of sensitive petroleum products i.e. Petrol (upto 25.06.2010), Diesel (upto 18.10.2014), Subsidized Domestic LPG and PDS Kerosene were being shared by all stakeholders in the following manner:-
(i) Government through cash assistance;
(ii) Public Sector Oil Companies namely, ONGC/OIL and GAIL (India) Limited (GAIL) by way of price discount on crude oil and products.
(iii) Public Sector Oil Marketing Companies, by absorbing a part of the under-recoveries.
Till 2014-15, burden sharing was finalized every quarter taking into consideration the quantum of under-recoveries incurred to OMCs. In the current financial year 2015-16, Government has decided to provide a fixed fiscal subsidy of Rs.18 per kg under the Direct Benefit Transfer for Domestic LPG during April - October, 2015 and Rs.15 per kg for the period November, 2015 onwards. This, at present, covers the entire burden of DBTL subsidy on Domestic LPG and no sharing of subsidy is being done by the Public Sector Oil Companies. Government has also approved budgetary support for sharing the under-recovery on PDS Kerosene for current financial year @ Rs.12/ Litre and the balance under-recovery would be borne by the Public Sector Oil Companies.
However, in view of the request of Public Sector upstream Oil Companies for relief from sharing the under-recovery of OMCs; they have been exempted from sharing of under-recoveries of OMCs in Q3 of the current financial year and the remaining under-recovery on sale of PDS Kerosene for Q3 will be borne by Public Sector OMCs.
x-x-x-x-x